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ABSTRACT

The guide describes federal student financial aid programs and how to apply for them. First, general steps for finding out about financial aid are outlined. General information on student aid from the United States Department of Education is then provided, including explanations of student eligibility requirements, financial need, dependency status, application forms and records, special circumstances, verification, deadlines, addresses, telephone numbers, and student rights and responsibility. Specific aid programs are described, including Pell Grants, campus-based programs (Supplemental Educational Opportunity Grants, College Work-Study, and Perkins Loans), Stafford Loans, and PLUS loans for parents. A section addresses student debt management, outlining guidelines and considerations before borrowing, borrower rights and responsibilities, and loan consolidation. A summary of aid program deferment conditions is provided, and important terms are defined. (MSE)

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The Student Guide

Financial Aid from the U.S. Department of Education:

Grants, Loans, and Work-Study

1989-90

HE 022 802

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
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UNITED STATES
DEPARTMENT OF EDUCATION
THE SECRETARY

If you are planning to attend a college, university, or other postsecondary school, you are among the more than 12 million citizens of the United States continuing their education beyond high school.

Our nation enrolls twice as many of its people in postsecondary study as the Soviet Union, ten times as many as France, and fifteen times the total in the United Kingdom.

The President is committed to providing assistance for those who need help in paying their higher education costs. This coming year, our nation will spend an estimated $307 billion for education.

The Federal Government's contribution to student financial assistance will result in a commitment of $15.2 billion targeted to those who need help to afford the cost of higher education. Two of the aid programs outlined in this publication are grants—outright assistance provided by the American people through their taxes for the pursuit of higher education. In addition, there are loans, also made possible through the help of the American taxpayer, which entail an obligation to repay when a student leaves school.

When you apply for a loan to attend a college, university, or other postsecondary institution, you make a commitment. Honoring that commitment will strengthen these programs, which will allow others to have the same type of assistance that was available to you for the pursuit of higher education. You also uphold the faith of working Americans who make these programs possible.

Financial assistance opens the door to higher education for many who could not otherwise afford its cost. Do your share to support these programs by repaying your loans after graduation. You owe it to those who will follow.

Discrimination Prohibited. No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity receiving Federal financial assistance, or be so treated on the basis of sex under most education programs or activities receiving Federal assistance.

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FINDING OUT ABOUT STUDENT AID

This *Guide* tells you about Federal student aid programs and how to apply for them. But education or training after high school costs more than ever, and you need to learn about as many sources of aid as you can. The steps below will help.

Contact the financial aid administrator at each school you're interested in. He or she can tell you what aid programs are available there, and about how much the total cost of attending will be. If you're in high school, also talk to your guidance counselor. He or she can tell you about financial aid in general and where to look for help.

Your public library has information on State and private sources of aid. Your financial need is usually considered, but other factors may also be taken into account.

Many companies, as well as labor unions, have programs to help pay the cost of postsecondary education for employees or members (or for their children).

Check foundations, religious organizations, fraternities or sororities, and town or city clubs. Include community organizations and civic groups such as the American Legion, YMCA, 4-H Clubs, Kiwanis, Jaycees, Chamber of Commerce, and the Girl or Boy Scouts.

Scholarships from the National Honor Society and National Merit Scholarships are available to students with high grades who qualify.

Don't overlook aid from **organizations connected with your field of interest** (for example, the American Medical Association or the American Bar Association). These organizations are listed in the U.S. Department of Labor's *Occupational Outlook Handbook* and can also be found in various directories of associations available at your public library.

If you're a veteran, **veterans benefits** may be available. Check with your local Veterans' Administration office.

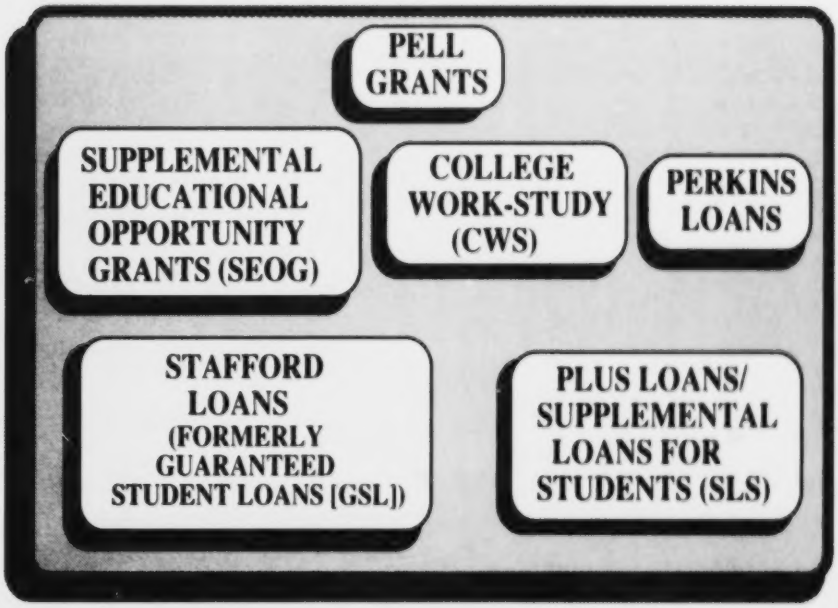
Ask the **State higher education agency** in your home State for information about State aid—including aid from a program jointly funded by individual States and the U.S. Department of Education. Each State has its own name for this program, as well as its own award levels, eligibility criteria, and application procedures. (At the Federal level, this program is called the State Student Incentive Grant Program.) For the address and telephone number of your State agency, see your financial aid administrator or call the toll-free number on page 28.

Your State agency can also give you information about the **Paul Douglas Teacher Scholarship Program**. These scholarships are for outstanding high school graduates who want to pursue teaching careers after they finish college. A Douglas scholarship provides up to $5,000 a year to students who graduate from high school in the top 10 percent of their class, and who meet other selection criteria their State agency may establish. Generally, students are required to teach two years for each year of scholarship assistance they receive.

The agency in your State responsible for public elementary and secondary schools can give you information on the **Robert C. Byrd Honors Scholarship Program**. Students who demonstrate outstanding academic achievement and show promise of continued excellence may receive $1,500 for their first year of postsecondary education.

U.S. DEPARTMENT OF EDUCATION STUDENT AID— GENERAL INFORMATION

The U.S. Department of Education offers the following major student financial aid programs:


PELL GRANTS
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS (SEOG)
COLLEGE WORK-STUDY (CWS)
PERKINS LOANS
STAFFORD LOANS (FORMERLY GUARANTEED STUDENT LOANS [GSL])
PLUS LOANS/ SUPPLEMENTAL LOANS FOR STUDENTS (SLS)

Grants are financial aid you don't have to pay back.

Work-Study gives you the chance to work and earn money to help pay for school.

Loans are borrowed money that you must repay with interest.

Undergraduates may receive all three types of financial aid. **Graduate students** may apply for loans or Work-Study, but not for grants.

Not all schools take part in all the programs. To find out which ones are available at a school, contact the school's financial aid administrator.

The charts on the next two pages list some basic facts about each program. **Read each program section in the *Guide* for more information.**

PELL GRANTS

For undergraduates only

Grant—no repayment

Maximum award depends on program funding. Maximum for 1988-89—$2,200

Must apply no later than **MAY 1, 1990**

Students receive payment by submitting Student Aid Report (SAR) to school by deadline—paid directly or school account is credited

SEOG

For undergraduates only

Grant—no repayment

For students with exceptional financial need—priority given to Pell Grant recipients

Maximum award—$4,000, depending—in part—on funds available at each school

Schools set deadlines for applying

Students paid directly or school account is credited

CWS

For undergraduates and graduates

Provides jobs on- or off-campus

Amount earned can't exceed need

Schools set deadlines for applying

Undergraduates paid by the hour; graduates paid by salary or by the hour—all students paid at least monthly

PERKINS LOANS

Interest rate—5%

For undergraduates and graduates

Maximum awards vary, depending—in part—on year in school

School makes the loan, and sets its own deadlines for applying

Students must sign a **promissory note,*** agreeing to repay

The school and the U.S. Department of Education will collect from students who **default***

Under certain conditions, loan may be deferred or repayment cancelled

*This *Guide* mentions several terms or concepts that you will need to be familiar with. Wherever these terms occur in the text, they will have an asterisk (*) next to them. This means that the term will be defined in the "Important Terms" section, pages 70 to 81.

STAFFORD LOANS

For **new borrowers—*** 8% interest rate for the first 4 years of repayment, 10% thereafter

For undergraduates and graduates

Maximum awards vary, depending—in part—on year in school

Lender (bank, credit union, etc.) makes the loan. No deadline for applying, but students should apply as soon as possible

Students must sign a **promissory note,*** agreeing to repay

The lender and the **guarantee agency*** will collect from students who **default***

Under certain conditions, loan may be deferred. Loan repayment can be cancelled only for total and permanent disability, or death

PLUS/SLS LOANS

Variable interest rates

PLUS—parents borrow for children; SLS—for student borrowers

Up to $4,000 a year to a maximum of $20,000

Lender (bank, credit union, etc.) makes the loan. No deadline for applying, but parents/students should apply as soon as possible

Borrowers must sign a **promissory note,*** agreeing to repay

The lender and the **guarantee agency*** will collect from students who **default***

Deferments: PLUS—limited, apply to principal only; SLS—same as Stafford, but apply to principal only

Repayment cancellation: Only for total and permanent disability, or death

STUDENT ELIGIBILITY REQUIREMENTS

Have financial need (see page 8)

Have a high school diploma, a GED, or have the **ability to benefit***

Enrolled as a **regular student*** in an **eligible program***

Generally, enrolled at least **half-time***—check with your financial aid administrator for exceptions

A **U.S. citizen*** or **eligible non-citizen***

Make **satisfactory progress***

Not in **default*** on Perkins Loan (or National Direct Student Loan), Stafford Loan (or Guaranteed Student Loan), PLUS Loan, or Supplemental Loan for Students (SLS)

Not owe a refund on a Pell Grant, Supplemental Educational Opportunity Grant (SEOG), or State Student Incentive Grant (SSIG)

Agree to use any Federal student aid received solely for educational purposes

Sign a **statement of educational purpose/ certification statement on refunds and default***

Sign a **statement of updated information*** certifying that certain items on your Student Aid Report (SAR) are correct

Sign a **statement of registration status*** if you're required to register with Selective Service

*See "Important Terms," pages 70 to 81.

FINANCIAL NEED

Aid from most of the Federal student aid programs discussed in this booklet—**except for PLUS and SLS loans (see page 55)**—is awarded on the basis of financial need. The amount of aid you receive if you meet the eligibility criteria listed on page 7 depends on whether you and your family are considered to have financial need.

The information you report on an aid application (see "Applying," page 15) is used in the formulas that calculate your need and eligibility.

Eligibility for the Pell Grant Program is determined by a formula passed into law by Congress and depends on a number called the "**Student Aid Index (SAI)**."* If this number is low enough, you're eligible for a Pell Grant. And the lower the number, the larger your award will be. If your **SAI*** is *higher* than a certain number, you're not eligible. For more information on Pell Grants, see page 34.

There isn't a minimum or maximum number in determining eligibility for the campus-based and Stafford Loan programs (see pages 38-47 and 48-54 for information on these programs). Instead, your financial need is determined by the following subtraction:

*See "Important Terms," pages 70 to 81.

COST OF EDUCATION*
-FAMILY CONTRIBUTION (FC)*
=FINANCIAL NEED

In other words, your financial aid administrator takes the **cost of education*** at your school and subtracts the amount you and your family are expected to pay toward that cost (called the **Family Contribution [FC]**).* If there's anything left over, you're considered to have financial need.

COST OF EDUCATION* —your educational expenses such as tuition, fees, room, board, books, supplies, and other related expenses.

FAMILY CONTRIBUTION (FC)* —the amount you and your family are expected to pay toward your education. This amount is determined by a standard formula somewhat different from that used for the Pell Grant Program, although the **FC*** formula has also been passed into law by Congress. Factors such as taxable and non-taxable income, **assets*** (such as savings), and benefits (for example, unemployment or Social Security) are all considered in this calculation, which determines your family's financial strength. You can get a booklet describing the **FC*** formula in detail by writing to—

Congressional Methodology
Department L-10
Pueblo, Colorado 81009-0015

*See "Important Terms," pages 70 to 81.

Note that although need is determined by formula, the financial aid administrator can adjust UP or DOWN your **Family Contribution (FC)*** or your **cost of education*** if he or she believes your family's financial circumstances warrant it. For example, if you believe the amount you and your family are expected to contribute toward your education is too high, you can ask your aid administrator to review your case. But remember, the aid administrator does not have to adjust the **cost of education*** or the **FC***—there have to be very good reasons for doing so.

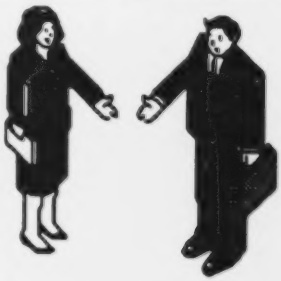
☞ **NOTE:** The aid administrator cannot make adjustments for the Pell Grant Program. There are, however, several circumstances that entitle you to have your Pell **Student Aid Index (SAI)*** calculated using expected 1989 income instead of 1988 income. For more information, see "Special Circumstances," page 22, or contact your financial aid administrator.

If you're a handicapped student, your educational expenses may be higher—and your need therefore greater—because of costs associated with the handicap. To make sure these extra expenses are recognized, the financial aid administrator at your school will work with a representative from your State vocational rehabilitation agency. They will coordinate resources so that your Department of Education and vocational rehabilitation aid will go as far as possible toward meeting your expenses.

*See "Important Terms," pages 70 to 81.

DEPENDENCY STATUS

Certain questions on your student aid application will determine whether you're considered ***dependent*** on your parents and must report their income and assets as well as your own (and your spouse's, if you're married), or whether you're ***independent*** and report only your own income (and that of a spouse).



Students are classified as dependent or independent because Federal student aid programs are based on the idea that students' parents have the primary responsibility of paying for their children's education. Students who have access to parental support should not receive Federal funds at the expense of students who don't.

For 1989-90, you're automatically considered an ***independent*** student if you're—

- ☐ born ***before*** January 1, 1966 (you're at least 24 years old).
- ☐ a veteran of the U.S. Armed Forces.

A veteran is a former member of the Armed Forces who served on active duty, and who did not receive a dishonorable discharge. (Former National Guardsmen or Reservists are ***not*** considered veterans, nor are ROTC students.) If you aren't a veteran at the time you apply but *will become one* by June 30, 1990, you may still apply as an independent student.

☐ a ward of the court, or both your parents are dead and you don't have an adoptive parent or legal guardian. (If you do have a legal guardian, but your legal relationship with that person will ***not*** continue after **June 30, 1990**, you may apply as an independent student.)

☐ a student with legal dependents ***other than*** a spouse.

If you have a child who gets more than half of his or her support from you, you may count the child as a legal dependent. You can count other people as legal dependents if they live with you ***and*** get more than half their support from you, and will continue to get this support during the 1989-90 school year.

You may apply as an independent student if you know you'll become a parent ***after*** you apply for Federal student aid, and the baby will be born by June 30, 1990—as long as the child will be dependent on you during the 1989-90 award year.

If you're not in one of the categories given given above or on the previous page, additional information is requested to determine your dependency status:

If you're a ***single undergraduate student***, the following information is required to determine whether you're dependent or independent:

(1) whether your parents claimed you as a **tax exemption** in **1987** ***or*** **1988** ***AND***

(2) whether you had "total resources" of **$4,000 or more** (***not*** counting support from your parents) during certain years.

Which years depend on if—and when—you've received Federal student aid:

When did you *FIRST* receive Federal student aid?	Did you have total resources of $4,000 or more (not counting parents' support) in . . .
Never received	1987 and in 1988?
In the 1988-89 school year	1986 and in 1987?
In the 1987-88 school year	1985 and in 1986?
Received aid, but not in 1987-88 or 1988-89	1987 and in 1988?

"Total resources" means—

- $ wages, salaries, tips, etc.
- $ any student financial aid (except PLUS loans)
- $ personal long-term cash loans used for educational purposes (not counting loans from parents)
- $ interest income and dividend income
- $ any other income and benefits (such as untaxed income)

If you had less than $4,000 in total resources (not counting support from parents) in **either** of the two appropriate years given in the chart above, you're dependent. Or, if your parents claimed you as a tax exemption in **either** 1987 **or** 1988, you're dependent.

If you're ***married*** or if you're a ***graduate or professional student,*** the only information needed is whether your parents will claim you as a tax exemption in **1989**. If they will, you're dependent. If they won't, you're independent.

If you claim to be an independent student, your school may ask you to submit proof before you can receive any Federal student

aid. If you think you have unusual circumstances that would make you independent even though you don't fit any of the categories given, talk to the financial aid administrator at your school. The aid administrator can change your status to independent if he or she thinks your circumstances warrant it. But remember, the aid administrator won't automatically do this. That decision is based on his or her judgment, and it's ***final***—you cannot appeal it to the U.S. Department of Education.

The authority to change your dependency status also means that if you apply as an independent student but your financial aid administrator has evidence that you are really dependent, he or she can change your status to dependent. Again, that decision is ***final***.

If your dependency status changes at any time during the award year, you must notify your financial aid administrator immediately.

APPLYING

Forms

You can use any ***one*** of the forms below to apply for **Federal** aid. However, your school may specify which form you should complete if you want to be considered for aid from **non-Federal** sources as well. You can get the application you need from your school. The forms are—

These 3 forms are free

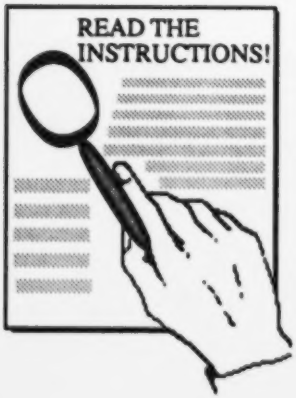
- The U.S. Department of Education's *Application for Federal Student Aid* (AFSA)
- The Pennsylvania Higher Education Assistance Agency's (PHEAA's) *Application for Pennsylvania State Grant and Federal Student Aid*
- The Illinois State Scholarship Commission's *Application for Federal and State Student Aid (AFSSA)*

These 3 forms collect extra information used in applying for non-Federal aid, and charge for processing that information

- The College Scholarship Service's *Financial Aid Form* (FAF)
- The American College Testing Program's *Family Financial Statement* (FFS)
- The *Student Aid Application for California* (SAAC)

If you apply using a form other than the U.S. Department of Education's AFSA and you want to be considered for Federal student aid, you must check a box to have your information forwarded to the Federal processing center. The box is near the end of the form.

☞ **NOTE:** For the Stafford Loan, PLUS, or SLS programs, there are some additional steps you must take to apply. (See pages 48-58 for information on these programs.)



. . .when you apply for financial aid. Most mistakes are made because students do not read the instructions on the application. Pay special attention to any questions on dependency status and income, since these areas are where most mistakes are made.

☞ **NOTE:** You may not have to answer every question on your application, if the following conditions apply to you:

- ☐ Your family's income is $15,000 or less, ***and***
- ☐ ***Each*** member of your family (you, your spouse, or your parents if you apply as a dependent student, or you and your spouse if you apply as an independent student) files either an IRS Form 1040A or 1040EZ, or won't file any U.S. Income Tax form.

The instructions with your application will tell you which items to skip. However, your school may say that in order to be considered for non-Federal aid (State aid, private aid, etc.), you must complete the entire application. It's a good idea to check with your school to see if that's what you need to do.

Apply as soon as possible after January 1, 1989.

It will take **4 to 6 weeks** for your application to be processed, and you may have to confirm or correct information and return it for reprocessing. (See "Student Aid Report," page 18.) Reprocessing takes another **2 to 3 weeks**. Also, you may have to prove the information you reported is correct (see "Verification," page 24). You need to complete each step in the process promptly, so that you don't miss any deadlines (see "Deadlines," page 26). **Missing a deadline means you will lose out on student aid.**

☞ **NOTE:** Aid from Federal programs is not guaranteed from one year to the next. You must reapply every year. Also, if you change schools, your aid doesn't automatically go with you. Check with your new school to find out what steps you must take.

Records Needed

When you fill out an application, you should have certain records on hand.

The 1988 U.S. Income Tax Return is the most important one, since you must use specific numbers from specific lines on the tax return to fill out your application. You'll need to refer to—

- ❒ your tax return,
- ❒ your parents' return (if you apply as a dependent student), and
- ❒ your spouse's return (if you're married and your spouse filed a separate return).

Referring to the tax form will make it easier for you to complete your application and get it through the processing system.

You may apply even if the tax return is not yet completed. However, this means you'll have to estimate the financial information on your application, and you may have to prove the accuracy of your estimate before you're awarded aid. Also, you'll have to change any figures that prove to be incorrect.

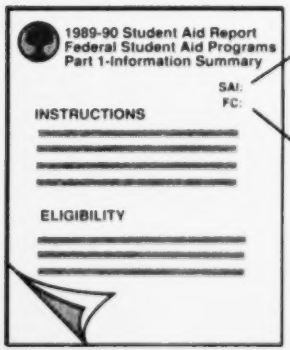
Other useful records to have on hand—

- W-2 forms and other records of income received in 1988
- current bank statements and mortgage information
- records of benefits received from the Social Security Administration, Veterans' Administration, and other agencies

You should save all records and all other materials used to prepare your application.

Student Aid Report (SAR)

After you apply for Federal student aid, you'll receive a Student Aid Report (SAR) in 4 to 6 weeks. The SAR will contain the information you gave on your application plus numbers that tell you about your eligibility for Federal student aid:



❒ a **Student Aid Index (SAI)*** number, which determines your Pell Grant eligibility, and a

❒ **Family Contribution (FC)*** number, used in determining your eligibility for the campus-based and Stafford Loan programs.

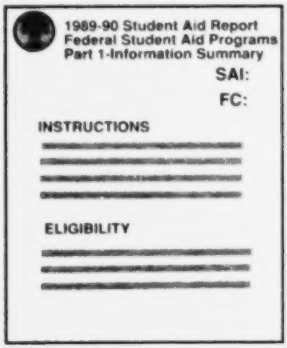
*See "Important Terms," pages 70 to 81.

Although SAR information can be used in determining your eligibility for all the Federal student aid programs in this booklet **except PLUS and SLS loans** (see page 55), aid administrators use the SAR most often to determine your eligibility for a Pell Grant.

IF YOUR SAR SAYS. . .

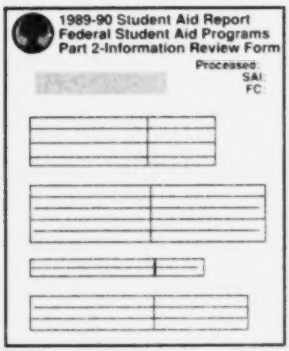
YOU'RE ELIGIBLE FOR A PELL GRANT

Your SAR will have **3 parts**:


1989-90 Student Aid Report
Federal Student Aid Programs
Part 1-Information Summary
SAI:
FC:
INSTRUCTIONS
ELIGIBILITY

Part 1—Information Summary

Contains instructions to review your SAR to make sure it's correct, and will give you other information about the results of your application


1989-90 Student Aid Report
Federal Student Aid Programs
Part 2-Information Review Form
Processed:
SAI:
FC:

Part 2—Information *Review* Form

The part you use to change any information on the SAR that's incorrect—REVIEW THIS PART CAREFULLY! If you need to make changes, sign the Certification statement on the back of this part and **return Part 2 only** to the Federal Application Processing Center. (The address is on the back of Part 2.) You'll receive a new SAR in 2 to 3 weeks.

Part 3—Pell Grant Payment Document

This part is for your school's use.

If all the information on your SAR is correct, **submit all three parts** of the SAR to your financial aid administrator. Your aid administrator will use the information on your SAR to determine the amount of your Pell Grant.

YOU'RE INELIGIBLE FOR A PELL GRANT

Your SAR will have **2 parts**—Parts 1 and 2 only (see page 19)

Even if your SAR says you're not eligible for a Pell Grant, contact your financial aid administrator. He or she may use the **Family Contribution (FC)*** number on the SAR in determining whether you're eligible for other Federal student aid. If you are, your school will send you a letter telling you the amount and kinds of financial aid you'll get.

YOUR ELIGIBILITY HAS NOT BEEN DETERMINED

This means you did not correctly or completely fill out the application. You'll receive a **2-part** SAR—Parts 1 and 2 only.

Part 1, the Information Summary (see page 19), will contain comments asking you to confirm, correct, or add information on . . .

*See "Important Terms," pages 70 to 81.

Part 2—Information *Request* Form

REVIEW THIS PART CAREFULLY! After you've made any necessary changes or additions, sign the Certification statement on the back of this part and **return Part 2 only** to the Federal Application Processing Center. (The address is on the back of Part 2.) You'll get a new SAR in 2 to 3 weeks.

If you have any trouble understanding what you're supposed to do after you get your SAR or how you're supposed to make corrections, your financial aid administrator can help you and can answer any questions you have.

SPECIAL CIRCUMSTANCES

Although the process of determining a student's eligibility for Federal student aid is generally the same for all applicants, there is some flexibility.

For instance, when you apply, if you indicate on your student aid application that you, your spouse, or either of your parents is a **dislocated worker*** or **displaced homemaker,*** special consideration will be given your and/or their financial status when your application is processed. And, as noted on page 16, certain applicants with incomes of $15,000 or less can skip some of the questions on the application.

Some students may have special financial considerations that cannot be adequately described on an application. If you feel you have special circumstances that might affect the amount you and your family are expected to contribute toward your education, see your financial aid administrator. Remember, if the aid administrator believes it's appropriate, he or she can change a student's dependency status (see page 14). And, for the campus-based and Stafford Loan programs, the aid administrator may adjust your **cost of education*** or your **Family Contribution (FC)*** (see page 10) if he or she feels your circumstances warrant it. But also remember that the aid administrator does not ***have*** to make any of these changes—that decision is his or hers and is ***final***.

*See "Important Terms," pages 70 to 81.

In contrast, the Pell Grant Program does not allow for *individualized* adjustments. However, there are certain **special conditions*** that would make the family's financial circumstances worse in 1989-90 than they were in 1988. If one of the conditions listed below applies to you or your family, **estimated 1989** income information will be used to calculate your Pell Grant eligibility, instead of **1988** income.

The conditions are—

- ☐ Death
- ☐ Separation or divorce
- ☐ Loss of a full-time job
- ☐ Loss of nontaxable income or benefits such as Social Security, child support, Aid to Families with Dependent Children (AFDC or ADC), welfare, unemployment benefits, etc.

If you think you meet one of the **special conditions,*** see your financial aid administrator. If you qualify, the aid administrator will explain what steps to take so that estimated 1989 income will be used.

*See "Important Terms," pages 70 to 81.

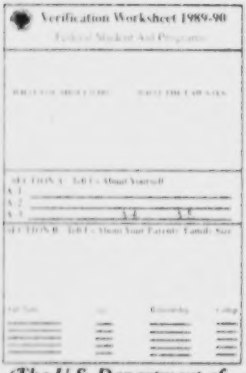
VERIFICATION

Either the Department of Education or your school may select you for a process called "verification." This means you'll have to prove that what you reported on your application is correct. (Many schools require ***all*** financial aid applicants to verify the information they reported on their aid applications.)

If you're selected, you may be asked to verify information such as—

- ☑ Income
- ☑ Federal income tax paid
- ☑ Your household size
- ☑ The number of family members enrolled in postsecondary education at least **half-time***
- ☑ Certain untaxed income and benefits received

As part of the verification process, you'll have to give your financial aid administrator certain documents or other information. One of those documents may be a **verification worksheet**. If you're selected for verification at the time your application is processed, you'll receive a verification worksheet from the application processor. The worksheet asks for information about the verification items listed above. Fill out


Verification Worksheet 1989-90

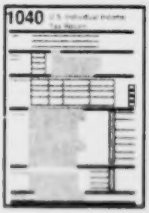
(The U.S. Department of Education's worksheet)

*See "Important Terms," pages 70 to 81.

your answers to the worksheet carefully and submit it to your school along with your SAR. The sooner you verify the information requested, the sooner you'll be able to receive financial aid, if you're eligible.

If you're selected for verification by your school, you'll receive a worksheet later on from your school.

In addition to a verification worksheet, you'll have to give your financial aid administrator a copy of your signed **1988 U.S. Income Tax Return** and your spouse's return (if you're married and your spouse filed a separate return). You must also provide a copy of your **parents'** signed return, if you filed as a dependent student. (See page 11 for a discussion of dependency status.)



You may have to provide copies of appropriate **W-2 forms** as well. If no Federal tax form was or will be filed, you (and/or your parents or spouse) must sign a statement to that effect and must list the sources and amounts of income received.

You may also have to provide statements from agencies such as the Social Security Administration, verifying **benefits** received.

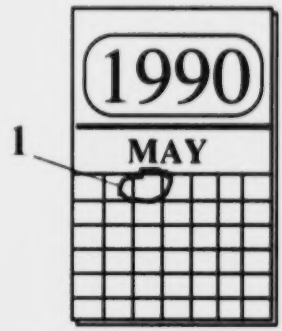
If you don't provide the proof that's requested, you won't receive aid from the Department of Education, and you may not receive aid from other sources.

If you received Federal financial aid as a result of reporting incorrect information, you will have to repay any portion of aid you should not have received. And you should know that a person who intentionally makes false statements on a Federal aid application is violating the law and is subject to fine or imprisonment or both.

DEADLINES

MAY 1, 1990

Your student aid application must be ***received*** by the appropriate application processor by this date. The application you fill out will contain the address of the appropriate processor. **THERE ARE *NO EXCEPTIONS* TO THIS DEADLINE.**



You should apply as soon after January 1, 1989, as you can. Schools often set deadlines early in the calendar year that students must meet in order to receive certain types of funds, including those from the campus-based programs.

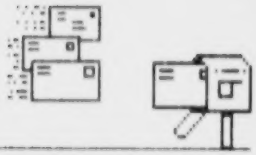
JUNE 29, 1990, or your last day of enrollment in 1989-90, whichever comes first. This is the deadline for submitting your SAR to your school's financial aid office.

Be sure you know your last day of enrollment in 1989-90—it may be earlier than June 29. The earlier you can submit your SAR, the better, but you must turn it in by the deadline.

☞ **NOTE:** If you're selected for verification, additional deadlines apply to you. Your financial aid administrator will tell you what they are.

*See "Important Terms," pages 70 to 81.

ADDRESSES



Send your application to the address given in your application booklet.

To find out if your application has been processed, write—

Federal Student Aid Programs
P.O. Box 4108
Iowa City, Iowa 52244

(Remember, it takes 4 to 6 weeks for processing.)

If you have to make any corrections or additions to your Student Aid Report (SAR), make them on Part 2 of the SAR, sign the Certification on the back, and send it to—

Federal Student Aid Programs
P.O. Box 4126
Iowa City, Iowa 52244

You'll receive your new SAR in 2 to 3 weeks.

To request a copy of your SAR or correct your address, write—

Federal Student Aid Programs
P.O. Box 4106
Iowa City, Iowa 52244

You'll receive another SAR in 2 to 3 weeks.

When you write, make sure you include in your letter your full name, permanent address, Social Security Number, date of birth, and signature.

TELEPHONE NUMBERS

There may be times when you have questions about your application, your SAR, or other Federal student aid matters, and you need an answer right away. If so, you may call one of the numbers below:

Federal Student Aid Information Center—1-(800) 333-INFO (This is a ***toll-free*** number)

The Information Center provides the following services:

- ❒ Helping you file an application or correct a SAR
- ❒ Checking on whether a school takes part in Federal student aid programs
- ❒ Explaining student eligibility requirements
- ❒ Explaining the process of determining financial aid awards
- ❒ Helping with student complaints
- ❒ Explaining the verification process
- ❒ Explaining general program requirements
- ❒ Mailing publications

You may call between the hours of **9:00 a.m. and 5:30 p.m.** (Eastern Standard Time), Monday through Friday.

The Information Center cannot help you if you want to find out if your application has been processed, or if you want a duplicate Student Aid Report (SAR). To make these requests, you must call—

The Federal Application Processing Center—(319) 337-3738

You may call the Processing Center, located in Iowa City, Iowa, between **9:00 a.m. and 7:00 p.m.** (Eastern Standard Time), Monday through Friday.

Please note that you will have to pay for calls to the Processing Center. The Center cannot accept collect calls.

STUDENT RIGHTS AND RESPONSIBILITIES

Education after high school costs you time, money, and effort. It's a big investment, and you should carefully evaluate the school you're considering. To help you make a good choice, you should have information on a school's academic programs, facilities, **cost of education,*** refund policy, and financial aid programs.

Student Rights

You have the right to ask a school—

- The names of its accrediting and licensing organizations. You also have the right to ask for a copy of the documents describing the institution's accreditation or licensing.
- About its programs, its instructional, laboratory, and other physical facilities, and its faculty.
- If the school advertises its job placement rates as a means of attracting students—what information it has to back up its claims.
- What the cost of attending is, and what its policy is on refunds to students who drop out.

*See "Important Terms," pages 70 to 81.

- What financial assistance is available, including information on all Federal, State, local, private, and institutional financial aid programs.

- Who its financial aid personnel are, where they're located, and how to contact them for information.

- What the procedures and deadlines are for submitting applications for each available financial aid program.

- How it selects financial aid recipients.

- How it determines your financial need. This process includes how costs for tuition and fees, room and board, travel, books and supplies, and personal and miscellaneous expenses are considered in your **cost of education.*** It also includes the resources considered in calculating your need (such as parental contribution, other financial aid, **assets,*** etc.).

- How much of your financial need, as determined by the school, has been met.

- How and when you'll receive your financial aid.

- To explain each type and amount of assistance in your **financial aid package.***

- What the interest rate is on any student loan you have, the total amount you must repay, the length of time you have to repay, when you must start repaying, and what cancellation or deferment (postponement) provisions apply. (To find out more about what your school must tell you about your loan, see "Borrower Rights," page 61.)

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*See "Important Terms," pages 70 to 81.

- If you're offered a College Work-Study job—what kind of job it is, what hours you must work, what your duties will be, what the rate of pay will be, and how and when you'll be paid.

- To reconsider your aid package, if you believe a mistake has been made, or if your enrollment or financial circumstances have changed.

- How the school determines whether you're making **satisfactory progress,*** and what happens if you're not.

- What special facilities and services are available to the handicapped.

Student Responsibilities

It is your responsibility to—

- Review and consider all information about a school's program ***before*** you enroll.

- Pay special attention to your application for student financial aid, complete it accurately, and submit it on time to the right place. Errors can delay or prevent your receiving aid.

- Know all the deadlines for applying or reapplying for aid, and meet them.

- Provide all documentation, corrections, and/or new information requested by either the financial aid office or the agency to which you submitted your application.

- Notify your school of any information that has changed since you applied for financial aid.

*See "Important Terms," pages 70 to 81.

- Read, understand, and keep copies of all forms you're asked to sign.

- Repay any student loans you have. When you sign a **promissory note,*** you're agreeing to repay your loan.

- Attend an **exit interview*** at your school if you have a Perkins Loan (or National Direct Student Loan [NDSL]), Stafford Loan (or Guaranteed Student Loan [GSL]), PLUS loan, or Supplemental Loan for Students (SLS).

- Notify your school of a change in your name, address, or attendance status (**half-time,*** three-quarter-time, or full-time). If you have a loan, you must also notify your lender of these changes.

- Satisfactorily perform the work agreed upon in a College Work-Study job, if you have one.

- Understand your school's refund policy. If you drop out of school within a short time after you start, you may be able to get a part of your educational expenses returned to you. But after a certain date, you won't get any money back. Check with your school to find out what expenses you may have to pay if you drop out.

*See "Important Terms," pages 70 to 81.

PELL GRANTS

What is a Pell Grant?

A Pell Grant is an award to help undergraduates pay for their education after high school. For the Pell Grant Program, an undergraduate is one who has not earned a bachelor's or first professional degree. (A professional degree would include a degree in such areas as pharmacy or dentistry, for example.)

For many students, Pell Grants provide a "foundation" of financial aid, to which aid from other Federal and non-Federal sources may be added. Unlike loans, grants don't have to be paid back.

5 Beginning in ***1987-88***, eligibility for those who receive a Pell Grant for the first time is generally limited to **5 full years** of undergraduate study toward their first baccalaureate or professional degree. This does not include remedial course work. (You can receive a Pell Grant for up to 1 full year of remedial courses.)

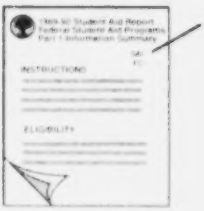
5 + 1 You may receive a Pell Grant for a ***sixth*** full year of undergraduate study if you're enrolled in a program that requires more than four years to complete a bachelor's degree, and if the sixth year is necessary to complete the degree.

Your school may waive the limits just discussed if you become ill or injured, or if a relative of yours has died. Your school may also waive the limits for individual hardship cases. Check with your school.

If you received a Pell Grant ***before*** the 1987-88 award year, the 5- or 6-year limit does not apply to you.

How do I qualify?

To determine if you're eligible, the Department of Education uses a standard formula, passed into law by Congress, to evaluate the information you report on your student aid application. The formula produces a **Student Aid Index (SAI)*** number. Your Student Aid Report (see page 18) contains this number and will tell you whether you're eligible.



The formula used to determine your **Student Aid Index (SAI)*** is too long to be included here. However, you can get a booklet that describes it in detail by writing to—

Formula Book
Department L-10
Pueblo, Colorado 81009-0015

☞ **NOTE:** For 1989-90, less-than-**half-time*** students with **SAI's*** of "0" may be able to receive a Pell Grant. Check with your financial aid administrator.

*See "Important Terms," pages 70 to 81.

How much money can I get?

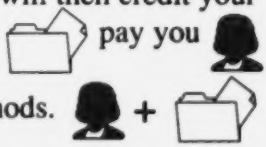
Awards for the 1989-90 academic year (July 1, 1989 to June 30, 1990) will depend on program funding. The maximum award for the 1988-89 academic year was $2,200. How much you actually get will depend not only on your **Student Aid Index (SAI)*** number, but on the **cost of education*** at your school, whether you're a full-time or part-time student, and whether you attend school for a full academic year, or less than that.

When should I apply?

The sooner, the better. Your 1989-90 application must be ***received*** by the appropriate application processor ***no later than*** May 1, 1990. **THERE ARE *NO EXCEPTIONS* TO THIS DEADLINE.**

How will I be paid?

You must submit all parts of your Student Aid Report (SAR) to your school. Your school will then credit your award to your account, pay you directly, or use a combination of these methods.



The school must tell you in writing how and when you'll be paid and how much your award will be. For the school's records, you should acknowledge in writing the school's notification. Schools must pay at least once per term (semester, trimester, or quarter). Schools that do not use formally defined, traditional terms must pay at least twice per academic year.

*See "Important Terms," pages 70 to 81.

If I submit my Student Aid Report to the financial aid office late in the school year, can I still be paid a Pell Grant?

Yes. If you submit your SAR before the deadline noted on page 26—***and while you're still enrolled***—you can be paid for all periods of eligible attendance (for 1989-90) at the school where you're enrolled. But you should submit your SAR as soon as possible, because your financial aid administrator may use it in considering you for other types of aid, which may have earlier deadlines you must meet.

I'm going to be taking courses from two schools at the same time. Can I get a Pell Grant from each school?

No. Usually, the school that grants your degree is the school that will pay you. If you're enrolled in degree programs at two different schools, check with the financial aid administrator at each one to find out which one will pay you.

Supplemental Educational Opportunity Grants (SEOG)

College Work-Study (CWS)

Perkins Loans

The three programs you'll read about in this section are called "campus-based" programs because they're administered by the financial aid administrator at each participating school. Your **financial aid package*** may contain aid from one or more of these programs.

Even though each program is different—SEOG offers grants, CWS offers jobs, and Perkins provides loans—they have some elements in common:

- ❒ You can go to school less than **half-time*** and still be able to receive aid.

- ❒ How much aid you receive from the campus-based programs depends on your financial need (see page 8), the amount of other aid you'll receive, and the availability of funds at your school. Unlike the Pell Grant Program, which provides funds to every eligible student, each school participating in any of the campus-based programs receives a certain amount of funds for each program. When that money is gone, there are no more awards from that program for that year.

*See "Important Terms," pages 70 to 81.

❒ There's no one deadline for applying as there is for the Pell Grant Program—each school sets its own. But most deadlines are early in each calendar year—usually earlier than the deadline for Pell Grants (May 1). Be sure to check with the financial aid administrator at your school to find out what its deadlines are. **You'll probably miss out on receiving aid from the campus-based programs if you don't apply early!**

*See "Important Terms," pages 70 to 81.

SEOG

What is an SEOG?

A Supplemental Educational Opportunity Grant (SEOG) is for undergraduates with exceptional financial need (with priority given to Pell Grant recipients), and it doesn't have to be paid back.

How much can I get?

You can get up to $4,000 a year, depending on the restrictions noted on page 38.

What's the difference between an SEOG and a Pell Grant?

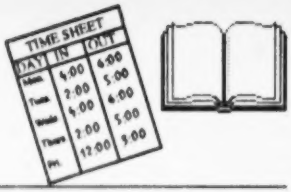
The Department of Education guarantees that each participating school will receive enough money to pay the Pell Grants of its eligible students. As noted on page 38, there's no guarantee every eligible student will be able to receive an SEOG.

How will I be paid?

Your school will credit your SEOG to your account, pay you directly, or use a combination + of these methods. Schools must pay students at least once per term (semester, trimester, or quarter). Schools that do not use traditional terms must pay at least twice during the academic year. (There's one exception: If the total aid you receive from the campus-based programs is $500 or less, the school may pay you just once during the year, if it chooses.)

*See "Important Terms," pages 70 to 81.

CWS



What is College Work-Study?

The College Work-Study (CWS) Program provides jobs for undergraduate and graduate students who need financial aid. CWS gives you a chance to earn money to help pay your educational expenses.

How much can I make?

Your pay will be at least the current Federal minimum wage, but it may also be related to the type of work you do and its difficulty. Your total CWS award depends on the restrictions noted on page 38.

How will I be paid?

If you're an undergraduate, you'll be paid by the hour. If you're a graduate student, you may be paid by the hour or you may receive a salary. No CWS student may be paid by commission or fee. Your school will pay you at least once a month.

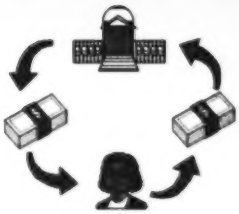
Are College Work-Study jobs on-campus or off-campus?

Both. If you work on-campus, you'll usually work for your school. If you work off-campus, your job will usually involve work that is in the public interest, and your employer will usually be a private or public non-profit organization, or a local, State, or Federal agency. However, some schools may have agreements with private sector employers for CWS jobs.

Can I work as many hours as I want?

No. Your school sets your work schedule. In arranging a job and assigning work hours, your financial aid administrator will take into account your class schedule, your health, and your academic progress. And remember, the amount you earn can't exceed your total CWS award.

PERKINS LOANS



What is a Perkins Loan?

A Perkins Loan is a low-interest (5 percent) loan to help you pay for your education after high school. These loans are for both undergraduate and graduate students and are made through a school's financial aid office. Your school is your lender. You must repay this loan.

How much can I get?

Depending on the restrictions noted on page 38, you may borrow up to—

- ☐ $4,500 if you're enrolled in a vocational program, or if you have completed less than 2 years of a program leading to a bachelor's degree.
- ☐ $9,000 if you're an undergraduate student who has already completed 2 years of study toward a bachelor's degree and has achieved third-year status. (This total includes any amount you borrowed under Perkins [or under the National Direct Student Loan Program, its former name] for your first 2 years of study.)
- ☐ $18,000 for graduate or professional study. (This total includes any amount you borrowed under Perkins/NDSL for your undergraduate study.)

How will I be paid?

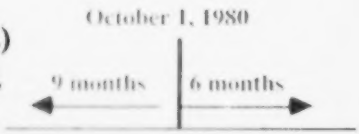
After you sign a **promissory note*** agreeing to repay the loan, your school will either pay you directly or credit your account.

You'll receive the loan in at least two payments.

When do I pay back this loan?

If you're attending at least **half-time,*** you have a "grace period" of 9 months after you graduate, leave school, or drop below **half-time.*** If you're a less-than-**half-time*** student, your grace period may be different. Check with your financial aid administrator.

If you borrowed under the old National Direct Student Loan (NDSL) Program ***on or after*** October 1, 1980, your grace period is 6 months. If you borrowed ***before*** October 1, 1980, your grace period is 9 months.



At the end of your grace period, you must begin repaying your loan. You may be allowed up to 10 years to repay.

How much will I have to pay each month?

The amount of each payment depends on the size of your debt and on the length of your repayment period. Usually, you must pay at least $30 per month. In special cases—for example, if you're unemployed or ill for a long period of time—your school may allow you to make payments that are less than $30 per month or may extend your repayment period.

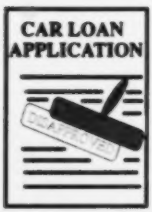
*See "Important Terms," pages 70 to 81.

The following chart shows typical monthly payments and total interest charges for three different 5 percent loans over a 10-year period.

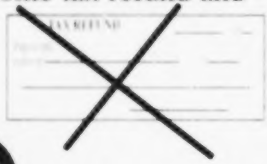
Total Loan Amount	Number of Payments	Monthly Payment	Total Interest Charges	Total Repaid
$ 4,500	120	$ 47.73	$1,227.60	$ 5,727.60
9,000	120	95.46	2,455.20	11,455.20
18,000	120	190.92	4,910.40	22,910.40

What happens if I don't pay back my loan?

You may go into **default.*** If you do, your school can require you to repay the entire amount immediately, including all interest, collection, and late payment charges. It can sue you to collect that amount, and it can ask the Federal Government for help in collecting from you. The school or the Federal Government will also notify credit bureaus of your **default,*** which may affect your future credit rating.



For example, you may find it very difficult to borrow from a bank to buy a car. Also, the Internal Revenue Service may withhold your income tax refund and apply it toward your loan.



And you can't get additional Federal student aid until you make satisfactory arrangements to repay your loan.

Can I defer (postpone) repayment of my Perkins Loan after I leave school?

Under certain conditions, yes—as long as you're not in **default.*** However, deferments aren't automatic. You have to apply for one through your school, using a deferment request form that you must get from your school.

*See "Important Terms," pages 70 to 81.

☞ **NOTE:** Even though you may have ***applied*** for a deferment, you still must **continue to make payments** until your deferment is processed. If you don't, you may end up in **default.***

A summary of deferments available to Perkins Loan borrowers is on pages 68 and 69. For more detail, contact your financial aid administrator.

Are there ever any cases where repayment of a Perkins Loan can be cancelled?

Yes, a few. For example, your loan will be cancelled if you die or become totally and permanently disabled. The other cases are listed below.

- ☐ Part of your loan will be cancelled for each complete academic year you're a full-time teacher of handicapped children, or for each complete academic year you teach full-time in a designated elementary or secondary school that serves low-income students. In both these cases, your entire loan will have been cancelled after the fifth consecutive year of teaching. To find out whether the school you're teaching in is a designated school, contact the school that made you your loan.

- ☐ Part of your loan will be cancelled for each year of full-time work in specified Head Start programs. After the seventh year, your entire loan will have been cancelled.

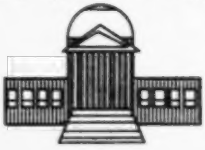
- ☐ Up to 70 percent of your loan can be cancelled for service as a Peace Corps or VISTA volunteer—30 percent during the first two years, 40 percent during the next two years. (This deferment applies only to Perkins Loan borrowers, not to National Direct Student Loan [NDSL] borrowers.)

- ☐ If you serve as an enlisted person in certain selected specialties of the U.S. Army, the Army Reserves, the Army National Guard, or the Air National Guard, the Department of Defense will, as an enlistment incentive, ***repay*** a portion of your loan. If you think you may qualify, contact your recruiting officer.

What are my rights and responsibilities as a borrower?

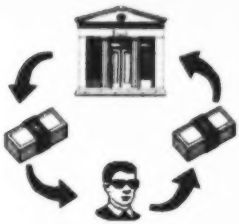
See "Debt Management" on page 59 for information on your obligations as a borrower, and to find out what kind of information your school must provide you concerning your loan.

If you have any questions about the terms of your Perkins Loan, repayment obligations, deferment, or cancellation, check with the school that made you the loan. Remember, only that school can grant deferment or cancellation, or make decisions concerning your loan.



STAFFORD LOANS

(FORMERLY GSL'S)



What is a Stafford Loan?

The Stafford Loan Program is the new name for the Guaranteed Student Loan (GSL) Program and honors Senator Robert T. Stafford of Vermont, former Chairman of the Senate Subcommittee on Education, Arts and Humanities. Stafford Loans are low-interest loans made by a lender such as a bank, credit union, or savings and loan association. Sometimes a school acts as a lender. These loans are insured by the **guarantee agency*** in each State and reinsured by the Federal Government. You must repay this loan.

For **new borrowers*** who receive loans for periods of enrollment beginning ***on*** or ***after*** July 1, 1988, the interest rate is 8 percent for the first 4 years of repayment and 10 percent after that. For **new borrowers*** who took out a loan ***between*** July 1, 1987, and June 30, 1988, the interest rate is 8 percent.

For students who are ***not*** **new borrowers*** and who ***currently*** have a 7, 8, or 9 percent ***Guaranteed*** Student Loan, the interest rate(s) for any ***Stafford*** Loans borrowed in the future will remain 7, 8, or 9 percent. To be sure what your interest rate is, check your **promissory note.***

*See "Important Terms," pages 70 to 81.

How much can I borrow?

Depending on your financial need (see page 8), you may borrow up to—

- ☐ $2,625 a year, if you're a first- or second-year undergraduate student.
- ☐ $4,000 a year, if you have completed 2 years of study and have achieved third-year status.
- ☐ $7,500 a year, if you're a graduate student.

The total Stafford and Guaranteed Student Loan debt you can have outstanding as an undergraduate is $17,250. The total for graduate or professional study is $54,750, including any Stafford and Guaranteed Student Loans made at the undergraduate level.

☞ **NOTE:** You can't borrow more than the **cost of education*** at your school, minus any other financial aid you receive. For example, suppose you're a first-year student whose **cost of education*** is $4,000, and your **Family Contribution (FC)*** is 0. And let's say you're eligible for a Pell Grant of $1,500.

So . . .

Cost of Education*	$4,000
Family Contribution*	—$ 0
Pell Grant	—$1,500
	=$2,500

This means that the maximum Stafford Loan ***you*** could have is $2,500, even though the maximum for first-year students under the Program is $2,625.

*See "Important Terms," pages 70 to 81.

How do I apply?

You can get an application from a lender, a school, or your State **guarantee agency.*** After you fill out your part of the application, the school you plan to attend must complete its part, certifying your enrollment, your **cost of education,*** your academic standing, any other financial aid you'll receive, and your financial need.

☞ **NOTE:** Before you can receive a Stafford Loan, your school must first determine your eligibility for a Pell Grant, if you're an undergraduate and your school participates in the Pell Grant Program. If you're eligible, the amount of your Pell Grant will be considered in determining your **financial aid package,*** so that you won't be overawarded.

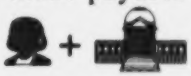
When the school's portion of the application is completed, you or your school submits it to the lender you've chosen. If the lender agrees to make the loan and gets the approval of the **guarantee agency,*** the lender will send the loan amount to your school.

When should I apply?

Since not every lender participates in the Stafford Loan Program, you should begin looking for one as soon as you're accepted by your school. After you submit your application to a lender and the lender agrees to make the loan, it usually takes 4 to 6 weeks to get your loan approved by the **guarantee agency,*** so give yourself as much time as possible to complete the application process.

*See "Important Terms," pages 70 to 81.

How will I be paid?

Your lender sends your loan amount to your school. Your loan proceeds will be made payable either to you or to both you and your school. 

Your school will issue your loan amount to you in one or more payments. (In general, for longer periods of enrollment, the loan will be divided into two or more installments.)

How can I find out who the lenders are in my State?

Contact your State **guarantee agency.*** It's the best source of information on the Stafford Loan Program in your State. To find out your State **guarantee agency's*** address and phone number and to find out more information about borrowing, call the Federal Student Aid Information Center (toll-free): **1-(800) 333-INFO.**

☞ **NOTE:** Banks and other lenders take part voluntarily in the Stafford Loan Program and lend their own money. While the Department of Education encourages lenders to provide student loans, it can't dictate the policies of a lending institution, as long as those policies don't discriminate on the basis of the applicant's race, religion, national origin, sex, age, marital status, or handicap. Also, the lender can't discriminate because the applicant is receiving public assistance, or because he or she has exercised any rights under the Consumer Credit Protection Act.

Is there any charge for making a Stafford Loan?

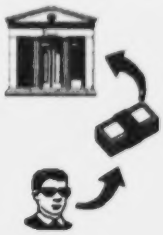
Yes, there is an "origination fee" of **5 percent**, which will be deducted proportionately from each loan disbursement made to you. The money is passed on to the Federal Government to help

*See "Important Terms," pages 70 to 81.

reduce the Government's cost of subsidizing these low-interest loans.

Your lender may also charge you an insurance premium of up to **3 percent** of the loan principal. This premium must be deducted proportionately from each disbursement.

When do I pay back this loan?



If your interest rate is 8 or 9 percent, loan repayment begins 6 months after you graduate, leave school, or drop below **half-time.***

If your interest rate is 7 percent, repayment begins 9 to 12 months after you graduate, leave school, or drop below **half-time.*** The lender generally must allow you at least 5 years to repay the loan and may allow up to 10 years.

These 6-, 9-, or 12-month periods before repayment begins are called "grace periods."

When you graduate, leave school, or drop below **half-time,*** you must notify your lender.

How much will I have to pay each month?

The amount of each payment depends on the size of your debt and on the length of your repayment period. Usually, you'll have to pay at least $50 per month or $600 per year. You should ask your lender what your monthly payments will be before you take out the loan, so you'll know what to expect.

The chart on the next page shows sample monthly payments and total interest charges for 8 percent loans of varying amounts, with typical repayment periods.

*See "Important Terms," pages 70 to 81.

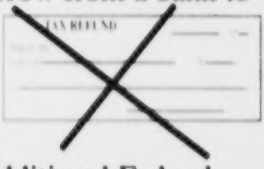
TYPICAL REPAYMENT PLANS

Total Indebtedness	Number of Payments	Monthly Payment	Interest Charges	Total Repaid
$ 2,500	60	$ 50.70	$ 541.46	$ 3,041.46
5,000	60	101.39	1,082.92	6,082.92
10,000	120	121.33	4,559.31	14,559.31
12,500	120	151.67	5,699.14	18,199.14
25,000	120	303.33	11,398.28	36,398.28

Source: Massachusetts Higher Education Assistance Corporation, from **Everything You've Always Wanted To Know About Repaying Your GSL**, copyright 1985 MHEAC

What happens if I don't pay back my loan?

You may go into **default.*** If you do, the **guarantee agency*** or the Federal Government can sue you to collect the loan, and you may be required to repay the entire amount immediately. Credit bureaus will be notified of your **default,*** and this may affect your future credit rating. For example, you may find it very difficult to borrow from a bank to purchase a car. Also, the Internal Revenue Service may withhold your income tax refund and apply it toward your loan. And you can't get additional Federal student aid until you make satisfactory arrangements to repay.



Can I defer (postpone) repayment of my Stafford Loan after I leave school?

Yes, under certain conditions, and as long as your loan is not in **default.*** A summary of Stafford Loan deferments is on pages 68 and 69. However, deferments are not automatic. If you believe you qualify, submit a written request to your lender.

*See "Important Terms," pages 70 to 81.

☞ **NOTE:** Even though you may have ***applied*** for a deferment, you still must **continue to make payments** until your deferment is processed. If you don't, you may end up in **default.***

For more detail about deferment and repayment of Stafford Loans, contact your financial aid administrator, your lender, or the **guarantee agency*** in your State.

Are there ever any cases where repayment of a Stafford Loan can be cancelled?

Only if you become totally and permanently disabled, or if you die. However, if you serve as an enlisted person in certain selected specialties of the U.S. Army, the Army Reserves, the Army National Guard, or the Air National Guard, the Department of Defense will, as an enlistment incentive, ***repay*** a portion of your Stafford Loan. If you think you may qualify, contact your recruiting officer.

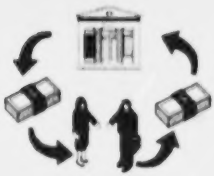
What are my rights and responsibilities as a borrower?

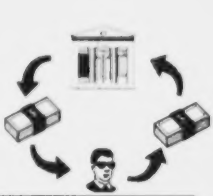
See "Debt Management" on page 59 for information on your obligations as a borrower, and to find out what kind of information your lender must provide you concerning your loan.

If you have any questions about the terms of your Stafford Loan, repayment obligations, deferment, or cancellation, check with your lender. Remember, only your lender can grant deferment or cancellation, or make decisions concerning your loan.

*See "Important Terms," pages 70 to 81.

PLUS/SLS





What are PLUS and SLS loans?

PLUS loans are for parents who want to borrow to help pay for their children's education; Supplemental Loans for Students (SLS) are for student borrowers. Both loans provide additional funds for educational expenses and, like Stafford Loans, are made by a lender such as a bank, credit union, or savings and loan association.

PLUS and SLS loans have variable interest rates, adjusted each year. For the 1988-89 award year, the interest rate was 10.45 percent. The interest rate for the 1989-90 award year will be determined in June 1989. The interest rate for each loan is shown on the **promissory note,*** signed by the borrower when the loan is made.

Who can get a loan, and how much can they borrow?

- ☐ PLUS enables parents to borrow up to $4,000 per year, to a total of $20,000, for each child who is enrolled at least **half-time*** and is a dependent student. (See page 11 for a discussion of dependency status.)

- ☐ Under SLS, graduate students and independent undergraduates may borrow up to $4,000 per year, to a total of $20,000. This amount is **in addition to** the Stafford Loan

*See "Important Terms," pages 70 to 81.

limits. (In exceptional circumstances, the financial aid administrator may authorize dependent undergraduates to apply for an SLS.)

How does a PLUS or SLS borrower apply?

The same way as for a Stafford Loan (see page 50). Unlike Stafford Loan borrowers, however, PLUS and SLS borrowers do not have to show need. However, like all borrowers, they may have to undergo a credit analysis.

☞ **Note to SLS borrowers:** Before you can receive an SLS, your school must determine your eligibility for a Stafford Loan and for a Pell Grant (if you're an undergraduate and your school participates in the Pell Grant Program). If you're eligible for aid from either or both of those programs, the amount you're eligible for may affect the amount you can borrow under SLS: Under SLS—as under the Stafford Loan Program—you can't borrow more than the **cost of education*** at your school minus any other financial aid you receive.

For example, suppose your **cost of education*** is $7,000, your **Family Contribution*** is $0, and you're eligible for a $1,000 Pell Grant and a $2,625 Stafford Loan. Here's how you'd figure how much you could borrow under SLS:

Your financial need is $3,375. This means the maximum SLS *you* could have is $3,375, even though the maximum for the Program is $4,000.

*See "Important Terms," pages 70 to 81.

How will I be paid?

If your parent(s) takes out a PLUS loan for you, the lender sends the full amount of the loan in the form of a check directly to your parent(s).

If you take out an SLS, the lender sends the loan amount to your school. Your loan proceeds will be made payable either to you or to both you and your school.

Your school will issue your loan amount to you in one or more payments. (In general, for longer periods of enrollment, the loan will be divided into two or more installments.)

Is there any charge for making a PLUS or an SLS?

Your lender may charge an insurance premium of up to **3 percent** of the loan principal. This premium must be deducted proportionately from each loan disbursement made to you. There is no origination fee for these loans.

When do my parents or I have to begin repaying these loans?

PLUS and SLS borrowers generally must begin repaying both **principal** and **interest** within 60 days after the last loan disbursement. However, if a deferment applies (including a deferment for being in school) borrowers do not begin repaying any ***principal*** until the deferment ends.

☞ **NOTE:** Deferments do not apply to ***interest***, although the lender may let the interest accumulate until the deferment ends.

What are the deferments?

SLS borrowers get the same deferments as Stafford Loan borrowers except that, as mentioned on the previous page, under SLS the deferments apply only to loan ***principal***. PLUS deferments are much more limited, and also apply only to principal. A summary of SLS and PLUS deferments is on pages 68 and 69. For more details about specific repayment and deferment conditions, contact your financial aid administrator, your lender, or the **guarantee agency*** in your State.

☞ **NOTE:** Unlike Stafford Loans (see page 52), there are no grace periods for PLUS and SLS loans.

Are there any cancellation provisions?

They're the same as for Stafford Loans—only for death or permanent and total disability after the loan is taken out.

What are the rights and responsibilities of a PLUS or SLS borrower?

Many of the rights and responsibilities of Stafford Loan borrowers also apply to PLUS and SLS borrowers. See "Debt Management" on the next page for information on your obligations as a borrower, and to find out what kind of information your lender must give you concerning your loan.

*See "Important Terms," pages 70 to 81.

DEBT MANAGEMENT

BEFORE YOU BORROW

When you decide to take out a student loan, you're making a ***commitment to repay it.*** Except in cases of cancellation (see pages 46, 54,and 58), you cannot get out of repaying—***even if you decide not to complete your education.*** So before you borrow, ask yourself the following questions:

How much of a debt burden can I afford? The charts on pages 45 and 53 give examples of monthly payments for specific loan amounts. If you plan to apply for student loans each year you're in school, try to estimate how much your monthly payments will be when you leave school. If you need more information on debt management, contact your financial aid administrator, your lender, ***or*** or the **guarantee agency*** in your State.

What if my plans change? A change in career goals, loss of a job, or some other unexpected change in your school or work situation could occur, making loan repayment more difficult than you expected. Deferment may help in some cases (for example, if you want to return to school or decide to enter the Armed Forces), but the resulting extended repayment period will be a long-term financial obligation.

*See "Important Terms," pages 70 to 81.

If you're willing but unable to meet your repayment schedule because of unusual circumstances, and you have a Perkins Loan (or National Direct Student Loan [NDSL]), you may request a delay in repayment. If you have a Stafford Loan (or Guaranteed Student Loan [GSL]), PLUS, or SLS, you may request forbearance if you're willing but unable to meet your repayment schedule and you're not eligible for a deferment. "Forbearance" means permitting payments to be stopped temporarily, allowing a longer time for making payments, or making smaller payments than were previously scheduled. Your lender does not have to grant forbearance or a delay in repayment, however.

Loan consolidation (see page 66) or refinancing might also be of help to you if you have multiple loans and if you qualify. Your lender can provide more information about consolidation and refinancing options available to you. If you have a Stafford Loan or SLS (or if your parents have a PLUS for you) and you need to borrow again, try applying to the lender who made you (or your parents) the first loan. This will make future loan refinancing easier. To find out more, contact your lender.

or

☞ **NOTE:** If your loan is in **default*** you won't be able to refinance it, and loans more than 90 days delinquent are not eligible for consolidation.

*See "Important Terms," pages 70 to 81.

BORROWER RIGHTS AND RESPONSIBILITIES

While Federal student loan programs differ in some ways, your rights and responsibilities as a borrower are basically the same for all of them (Perkins Loan, Stafford Loan, PLUS, and SLS programs). Here are some things you should know before you take out one or more of these loans.

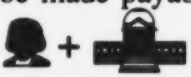
Borrower Rights

When you take out a loan, you sign a **promissory note,*** agreeing to repay. The **promissory note*** is a ***legally binding*** document. You must be given a copy of this note when you sign. The original note must be returned to you when the loan is paid in full.

You have the right to a "grace period" before your repayment period begins, if your loan provides for one. The grace period starts when you leave school or drop below **half-time*** status. (If you have a Perkins Loan and you attend school less than **half-time,*** your grace period may be different. Check with your financial aid administrator.) The exact length of your grace period is shown on your **promissory note.***

*See "Important Terms," pages 70 to 81.

➪ You must be given a list of deferment conditions and the conditions under which the Department of Defense will repay your loan.

➪ If you have a Stafford Loan or an SLS, your loan proceeds must be made payable to you or to both you and your school. 

Before your school gives you your first loan disbursement, your school/lender must also give you the following information about your loan:

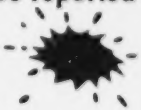
❒ The full amount of the loan, the interest rate, and when you must start repaying.

❒ The effect borrowing will have on your eligibility for other types of financial aid.

❒ A complete list of any charges to the borrower (loan fees), and information on how those charges are collected.

❒ The yearly and total amounts you can borrow, and the maximum and minimum repayment periods.

❒ A current description of loans you owe your school and/or lender, an estimate of what your total debt will be, and what your monthly payments will be.

❒ An explanation of **default*** and its consequences. One of those consequences will be that your **default*** will be reported to a credit bureau. This may harm your credit rating. 

*See "Important Terms," pages 70 to 81.

❒ An explanation of refinancing and consolidation options, and of your option to prepay your loan at any time without penalty.

Before your repayment period begins, your school/lender must tell you—

❒ The amount of your total debt (principal and interest), what your interest rate is, and the total interest charges on your loan.

❒ The name of your lender, where to send your payments, and where to write if you have questions about your loan.

❒ What fees you should expect during the repayment period.

❒ About prepayment, refinancing, and consolidation options.

➪ You also must be given a loan repayment schedule, which lets you know when your first payment is due, and the number, frequency, and amount of all payments.

➪ If you have a Stafford Loan, you have a right to Federal interest benefits if you qualify. This means the Federal Government will pay the interest on your loan until your repayment period begins and will also pay it during authorized deferment periods. (If you don't qualify for Federal interest benefits, you must arrange with the lender to pay the interest on your Stafford Loan.)

➪ If you have a Stafford Loan, PLUS, or SLS and the lender sells the loan or transfers the right to receive payments, you must be notified.

Borrower Responsibilities

If you want a Stafford Loan, PLUS, or SLS, you must find a lender willing to make the loan. If you have a Perkins Loan, your school is your lender. In any case, you must notify your lender if you—

- ❒ Graduate, withdraw from school, or drop below **half-time*** status.
- ❒ Transfer to another school.
- ❒ Change your name, address, or Social Security Number.

If your address changes while you're in school, you must notify your school.

If your loan is a Stafford Loan, PLUS, or SLS, you (or your parent, if the loan is a PLUS) must notify the lender if you fail to enroll in school for the period for which the loan was intended.

You must repay the loan according to the repayment schedule your school/lender will give you.

You must make payments on your loan even if you don't receive a bill. Billing statements (or coupon books) are sent as a convenience to the borrower, but not receiving them doesn't relieve you of your obligation to make payments.

Always include your Social Security Number on all correspondence to your lender (including your payment checks).

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*See "Important Terms," pages 70 to 81.

You must notify your school/lender of anything that affects your ability to repay the loan or your eligibility for deferment or cancellation.

Remember, your loan money can be used only for tuition and other related education expenses.

Before you leave school, you must attend an **exit interview.***

If you've taken out more than one student loan to finance your education, you may be able to pay them all back using one repayment plan. A loan consolidation program is available to students having **loans totalling at least $5,000.** Except for PLUS loans, the student loans described in this booklet will be eligible for consolidation.

Loan consolidation allows certain eligible lenders to pay off your existing student loans and to create one new loan. You must be in repayment (or have entered your grace period) before your loans can be consolidated. The interest rate on the consolidated loan will be **9 percent or more**, depending on the interest rates of the loans consolidated. The repayment period will be from 10 to 25 years, depending on the amount to be repaid.

Finally, if you do decide to borrow, here are some points to remember:

✲ **Be an informed borrower.** Review loan deferment provisions, repayment terms, and refinancing and consolidation options ***before*** loan repayment begins.

✲ **Keep records on all your loans,** keep them up-to-date, and keep them together in one place.

✲ **Keep your lender informed** of your current address, any changes in your repayment status, and any problems you may have with loan repayment.

DEFERMENT SUMMARY: PERKINS LOANS, STAFFORD LOANS, AND PLUS/SLS

Deferment Condition	Perkins	Stafford	PLUS	SLS
Study at a postsecondary school	At least half-time*	Full-time or half-time* [2]	Full-time or half-time* [2, 4, 5]	Full-time or half-time* [4]
Study at a school operated by the Federal Government	NO	Full-time only	Full-time only[4]	Full-time only[4]
Study in an eligible graduate fellowship program, or in a rehabilitation training program for the disabled	NO	Full-time only	Full-time only[4, 5]	Full-time only[4]
Volunteer in Peace Corps or ACTION Programs or comparable full-time volunteer work for a tax-exempt organization	Up to 3 years	Up to 3 years	NO[6]	Up to 3 years[4]
Active duty member of U.S. Armed Forces or service in the Commissioned Corps of U.S. Public Health Service	Up to 3 years	Up to 3 years	NO[6]	Up to 3 years[4]
Active duty member of National Oceanic and Atmospheric Administration Corps	Up to 3 years [1]	Up to 3 years [3]	NO	Up to 3 years [3, 4]
Temporarily totally disabled, or can't work because you're caring for a temporarily totally disabled spouse or other dependent	Up to 3 years ("Other dependent" applies to Perkins Loans only, not to NDSL's)	Up to 3 years	Up to 3 years[4]	Up to 3 years[4]

Full-time teacher in a public or non-profit private primary or secondary school that the U.S. Department of Education has determined is in a teacher shortage area	NO	Up to 3 years [3]	NO	Up to 3 years [3, 4]
Eligible **internship deferment***	Up to 2 years	Up to 2 years	NO[6]	Up to 2 years[4]
Unemployment	At school's discretion[4]	Up to 2 years	Up to 2 years[4]	Up to 2 years[4]
Mother of preschool age children, who is going to work (or back to work) at a salary no more than $1.00 over the minimum wage	Up to 1 year [1]	Up to 1 year [3]	NO	Up to 1 year [3, 4]
Parental leave deferment*	Up to 6 months [1]	Up to 6 months	NO	Up to 6 months[4]

[1]Applies to Perkins Loans only, not to National Direct/Defense Student Loans (NDSL's).
[2]**Half-time*** enrollment is allowed only for **new borrowers*** who have obtained a loan for the current period of enrollment.
[3]For **new borrowers*** only.
[4]Deferments are for principal only.
[5]For **new borrowers*** only, deferments apply ***both*** to the dependent student for whom the parent borrowed ***and*** to the parent, if he or she is engaged in eligible study at least **half-time.*** For those who are ***not*** **new borrowers,*** deferments apply to the dependent student only.
[6]. . . for all loans made on or after August 15, 1983, but **YES** for all loans made before that date.
*See "Important Terms," pages 70 to 81.

IMPORTANT TERMS

Ability to Benefit: Applies to most students who are admitted to a postsecondary institution but who do not have a high school diploma or a GED (General Education Development Certificate). To receive Federal student aid, a student admitted on the basis of ability to benefit must fulfill ***one*** of the following conditions:

(1) Pass a standardized admissions test that measures the student's aptitude to successfully complete the course of study. (If the student fails the test, he or she must complete step #2 to qualify for aid.)

(2) Enroll in and successfully complete a remedial program that is required by the school and that does not exceed one academic year. If the student fails the admissions test mentioned in step #1, ***or*** if the student is admitted on the basis of counseling given by the school, he or she would be required to enroll in the remedial program.

(3) Receive a GED before graduating from the course of study or by the end of the first year of the course of study—whichever comes first.

Students should check with their financial aid administrator for more information.

☞ **NOTE: Ability to benefit requirements do not apply to the Stafford, PLUS, or SLS programs.**

Assets: Savings and checking accounts, the value of a business, stocks, bonds, money market funds, mutual funds, real estate, trust funds, etc. Cars are not considered assets, nor are possessions such as stamp collections or musical instruments.

Citizen/Eligible Non-Citizen: You must be one of the following to receive Federal student aid:

- ❒ U.S. citizen
- ❒ U.S. national (includes natives of American Samoa or Swain's Island)
- ❒ U.S. permanent resident who has an I-151, I-551, or I-551C (Alien Registration Receipt Card)

If you're not in one of these categories, you must have a Departure Record (I-94) from the U.S. Immigration and Naturalization Service (INS) showing one of the following designations:

- ❒ "Refugee"
- ❒ "Asylum Granted"
- ❒ "Indefinite Parole" and/or "Humanitarian Parole"
- ❒ "Cuban-Haitian Entrant, Status Pending"
- ❒ "Conditional Entrant" (valid only if issued before April 1, 1980)
- ❒ Other eligible non-citizen with a Temporary Resident Card (I-688)

Also, you're eligible for Federal student aid if you have a suspension of deportation case pending before Congress.

If you're in the U.S. on an F1 or F2 student visa only, or on a J1 or J2 exchange visitor visa only, you cannot get Federal student aid. Also, persons with G series visas (pertaining to international organizations) are not eligible for Federal student aid.

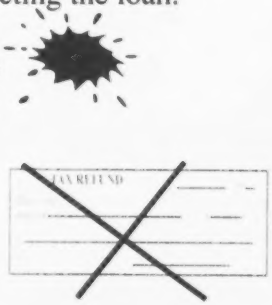
(cont. on next page)

☞ **NOTE:** Only citizens and non-citizen nationals can receive a Stafford Loan, PLUS, or SLS for study at a foreign institution.

Citizens of the Trust Territory of the Pacific (Palau) may be eligible for all the student aid programs mentioned in this booklet. Some citizens of the Federated States of Micronesia and the Marshall Islands may be eligible for Pell Grants, Supplemental Educational Opportunity Grants (SEOG's), or College Work-Study **only**. All of these citizens should check with their financial aid administrators.

Cost of Education (or **Cost of Attendance**): The total amount it will cost a student to go to school—usually expressed as a yearly figure. The cost of education covers tuition and fees; on-campus room and board (or a housing and food allowance for off-campus students); and allowances for books, supplies, transportation, child care, costs related to a handicap, and miscellaneous expenses. Talk to the financial aid administrator at the school you're planning to attend if you have any unusual expenses that may affect your cost of education or your ability to pay that cost.

Default: Failure to repay a student loan according to the terms agreed to when you signed a **promissory note.*** If you default on a student loan, your school, lender, State, and the Federal Government all can take action to recover the money. Also, you may be liable for expenses incurred in collecting the loan. Default may harm your future credit rating. If you decide to return to school, you're not entitled to receive additional Federal aid or a deferment of your loan repayments. Finally, the Internal Revenue Service may withhold your income tax refund so that your loan will be repaid.



Dislocated Worker: A person so certified by a State agency such as a State Employment Service or Job Service. Generally, a dislocated worker is someone who meets **at least one** of the following conditions—

- ❒ Has been terminated or laid off (or has received notice of termination or lay-off)

- ❒ Has been terminated or has received a notice of termination from a plant or other facility that has permanently closed (or that will soon close)

- ❒ Was self-employed (including farmers) but is now unemployed because of poor economic conditions in the community or because a natural disaster has occurred

If you, your spouse, or one of your parents is certified as a dislocated worker because of one of the above conditions, your (and/or their) financial circumstances will be specially considered in determining the ability to pay for your education.

To find out if you, your spouse, or one of your parents qualifies as a dislocated worker, contact your local State Employment Service or local Job Training Partnership Act (JTPA) Service (listed under State agencies in the telephone book). Or, contact your city or county Employment and Training program (listed under city or county agencies). If you have any trouble finding these offices, your financial aid administrator should have a list of Employment and Training offices you can contact.

Displaced Homemaker: Someone who—

- ❒ Has not worked in the labor force for a substantial number of years (for example, approximately 5 years or more), but during those years has worked in the home providing unpaid services for family members **(cont. on next page)**

- ❒ Has depended on public assistance or on the income of another family member, but is no longer receiving that income, or who has been receiving public assistance because of dependent children in the home

- ❒ Is unemployed or underemployed and is having trouble obtaining or upgrading employment. "Unemployed" means not working this week but being available for work—that is, having made specific efforts to get a job sometime during the last 4 weeks. "Underemployed" means working part-time (even though full-time employment is desired), because work is slack or because only part-time work is available.

If ***all*** of these conditions apply to you, to your spouse, or to your parents, your (and/or their) financial circumstances will be specially considered in determining the ability to pay for your education.

Eligible Program: A course of study that leads to a degree or certificate at a school that takes part in one or more of the student aid programs described in this booklet. To get a Pell Grant, SEOG, Perkins Loan, or a College Work-Study job, you must be enrolled in an eligible program. The same is true for a Stafford Loan, PLUS, or SLS, with two exceptions:

(1) If a school has told you that you must take certain course work to qualify for admission into one of its eligible programs, you can get a Stafford Loan or an SLS (or your parent[s] can get a PLUS for you) for up to 12 consecutive months while you're completing that course work. You must be enrolled at least **half-time,*** and you must meet the usual student aid eligibility requirements.

(2) If you're enrolled at least **half-time*** in a program to obtain a professional credential or certification that is required for employment as an elementary or secondary school teacher in a particular State, you can get a Stafford

Loan or an SLS (or your parent[s] can get a PLUS for you) while you're enrolled in the program.

Exit Interview: A counseling session you must attend before you leave your school, if you have any of the loans described in this booklet. At this session, your school will give you information on the average amount borrowers owe, the amount of your monthly repayment, and information about deferment, refinancing, and loan consolidation options.

Family Contribution (FC): This figure is determined by a formula and indicates how much of your family's financial resources should be available to help pay for school. This amount is used in determining your eligibility for aid from the Supplemental Educational Opportunity Grant (SEOG), College Work-Study (CWS), Perkins Loan, and Stafford Loan programs. This number is important because your financial aid administrator will subtract it from your **cost of education*** to determine your financial need—that is, the amount you ***can't*** pay. To determine your contribution, the information you fill in on an aid application is evaluated. Factors such as your (and your family's) taxable and non-taxable income, and **assets*** (such as savings) are considered in determining your family's financial strength. Certain allowances are subtracted from both income and **assets*** to protect part of them for future needs. A portion of the remaining amount is considered available to help pay for postsecondary educational costs.

If you have any unusual expenses that may affect your Family Contribution, make sure you notify your financial aid administrator.

Financial Aid Package: The total amount of financial aid a student receives. Federal and non-Federal aid such as loans, grants, or work-study are combined in a "package" to help meet the student's need. Using available resources to give each

student the best possible package of aid is one of the major responsibilities of a school's financial aid administrator.

Guarantee Agency: The organization that administers the Stafford Loan, PLUS, and SLS programs in your State. The Federal Government sets loan limits and interest rates, but each State is free to set its own additional limitations, within Federal guidelines. This agency is the best source of information on Stafford Loans, PLUS loans, and SLS loans in your State. To find out the name, address, and telephone number of the agency in your State as well as information about borrowing, call the Federal Student Aid Information Center at 1-(800) 333-INFO.

Half-Time: At schools measuring progress by credit hours and academic terms (semesters, trimesters, or quarters), "half-time" means at least 6 semester hours or quarter hours per term. At schools measuring progress by credit hours but not using academic terms, "half-time" means at least 12 semester hours or 18 quarter hours per year. At schools measuring progress by clock hours, "half-time" means at least 12 hours per week. Note that schools may choose to set higher minimums than these. Also, Stafford Loan, PLUS, and SLS requirements may be slightly different.

You must be attending school at least half-time to be eligible to receive a Stafford Loan, a PLUS, or an SLS. Half-time enrollment is not a requirement to receive aid from the campus-based programs. In rare cases, it's not a requirement for the Pell Grant Program, but check with your financial aid administrator.

Internship Deferment: A period during which loan payments can be deferred (postponed) if a borrower is participating in a program of supervised practical training required to begin professional practice or service. If your period of enrollment in school began **on** or **after** July 1, 1987 and you had no outstanding (unpaid) Perkins Loans, Stafford Loans, or SLS

loans on that date, an internship deferment ***also*** includes participation in an internship or residency program leading to a degree or certificate awarded by a postsecondary school, hospital, or health care facility offering postgraduate training. If you're in an internship program, you may defer repayment of your Perkins Loan, Stafford Loan, or SLS for up to 2 years.

New Borrower: A term that applies to the Stafford Loan, PLUS, or SLS programs. You're a "new borrower" under these programs if you had no outstanding (unpaid) Stafford Loans, PLUS, SLS, or consolidation loans on the date you signed your promissory note, ***and*** if your loan was either disbursed on or after July 1, 1987 or was for a period of enrollment that began on or after July 1, 1987. Once you qualify as a new borrower, the loan conditions that apply to "new borrowers" automatically apply to any future Stafford Loans, PLUS, or SLS loans you may receive.

Parental Leave Deferment: A period of up to 6 months when loan payments can be postponed if a borrower is pregnant, or if a borrower is taking care of a newborn or newly adopted child. The borrower must be unemployed and not attending school. To get this deferment, you must apply within 6 months after you leave school or drop below **half-time*** status.

Promissory Note: The legal document you sign when you get a student loan. It lists the conditions under which you're borrowing and the terms under which you agree to pay back the loan. It's very important to **READ AND SAVE** this document because you'll need to refer to it later when you begin repaying your loan.

Regular Student: One who is enrolled in an institution to obtain a degree or certificate. Generally, to receive aid from the programs discussed in this booklet, you must be a regular

student. (For the Stafford, PLUS, and SLS programs, there are two exceptions to this requirement. See the definition of **eligible program.***)

Satisfactory Progress: To be eligible to receive Federal student aid, you must be maintaining satisfactory academic progress. You must meet your school's written standard of satisfactory progress. Check with your school to find out what that standard is.

If you received Federal student aid **for the first time** on or after July 1, 1987 ***and*** you're enrolled in a program that's **longer than 2 years**, the following definition of satisfactory progress ***also*** applies to you: You must be maintaining a "C" average by the end of your second academic year of study, or have an academic standing consistent with your institution's graduation requirements. You must continue to maintain satisfactory progress for the rest of your course of study.

Special Conditions: Several specific circumstances that require expected 1989 income—instead of 1988 income—to be used to calculate a student's Pell Grant eligibility. These conditions accommodate certain situations where a family's financial circumstances would be worse in 1989 than in 1988. In these cases, using 1989 income would more accurately reflect the family's financial status.

The conditions, listed in the chart on the next page, differ somewhat, depending on whether you're a dependent or independent student. (See the discussion of dependency status beginning on page 11.) **Expected 1989 income will be used in your Pell Grant eligibility calculation only if one of these special conditions applies to you.** For complete details on what you should do if you think you meet one of these conditions, see your financial aid administrator.

SPECIAL CONDITION	DEPENDENT STUDENT	INDEPENDENT STUDENT
LOSS OF EMPLOYMENT	❒ A parent who earned money in 1988 has lost his or her job for at least 10 weeks in 1989. ❒ A parent who earned money in 1988 has not been able to earn money in his or her usual way for at least 10 weeks in 1989. This must have been because of a disability or a natural disaster that happened in 1988 or 1989.	❒ You worked full-time (at least 35 hours a week) for at least 30 weeks in 1988, but you aren't working full-time now. ❒ Your spouse earned money in 1988, but has lost his or her job for at least 10 weeks in 1989. ❒ You (or your spouse) earned money in 1988 but have not been able to earn money in the usual way for at least 10 weeks in 1989. This must have been because of a disability or a natural disaster that happened in 1988 or 1989.
LOSS OF NON-TAXABLE INCOME OR BENEFITS	❒ A parent who received unemployment compensation or some untaxed income or benefit in 1988 has ***completely*** lost that income or benefit for at least 10 weeks in 1989. The untaxed income or benefit must be from a public or private agency, from a company, or from a person because of a court order.	❒ You (or your spouse) received unemployment compensation or some untaxed income or benefit in 1988 but have ***completely*** lost that income or benefit for at least 10 weeks in 1989. The untaxed income or benefit must be from a public or private agency, from a company, or from a person because of a court order.
SEPARATION OR DIVORCE	❒ Your parents have separated or gotten divorced ***after*** you've applied for Federal student aid.	❒ You and your spouse have separated or gotten divorced ***after*** you've applied for Federal student aid.
DEATH	❒ A parent has died ***after*** you've applied for Federal student aid.	❒ ***After*** you've applied for Federal student aid, one of these two things has happened: * your spouse has died. * your last surviving parent has died.

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Contact your financial aid administrator if you believe that one of these conditions applies to you.

Statement of Educational Purpose/Certification Statement on Refunds and Default: You must sign this statement in order to receive Federal student aid. By signing it, you are stating that you do not owe a refund on a Pell Grant or SEOG, and you are not in default on a Perkins Loan, Stafford Loan, PLUS, or SLS. You're also agreeing to use your student aid only for education-related expenses. Part 1 of the 1989-90 Student Aid Report (SAR) contains such a statement. You must sign either this one or a similar one prepared by your school.

Statement of Registration Status: If you're required to register with the Selective Service, you must sign a statement indicating you have done so before you can receive any Federal student aid. This requirement applies to males who were born on or after January 1, 1960, are at least 18, are **citizens*** or **eligible non-citizens,*** and are not currently on active duty in the Armed Forces. (Citizens of the Federated States of Micronesia, the Marshall Islands, or the Trust Territory of the Pacific [Palau] are exempt from registering.)

Part 1 of the 1989-90 Student Aid Report contains a statement of registration status. You must sign either that one or a similar one prepared by your school. (Some schools require all students to sign a statement, indicating that the student either has registered or is not required to do so.)

☞ NOTE: If you already have a statement on file with your school, you don't have to sign another one, unless your registration status has changed.

Statement of Updated Information: You must sign a statement certifying that certain Student Aid Report (SAR) items are correct *at the time you submit your SAR to your school.* If information for any of those items changes after you submit your application, you must update the information so that it's correct on the date you sign your SAR. Otherwise, you won't be able to

receive Federal student aid. Read the Statement of Updated Information on the back of Part 1 of your SAR for the information that must be updated.

☞ **NOTE:** The only exception to the requirement to update is when changes occur because your marital status changes. In that case, you may ***not*** update.

Student Aid Index (SAI): The number that appears on your Student Aid Report (SAR), telling you about your Pell Grant eligibility. The SAI is determined by a standard formula and is the result of a series of calculations based on the information you reported when you applied for Federal student aid.

QUESTIONS ABOUT STUDENT AID?

call the

FEDERAL STUDENT AID INFORMATION CENTER

TOLL-FREE

1-(800) 333-INFO

9:00 a.m.—5:30 p.m.
Eastern Time
Mon.—Fri.

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